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MEMORANDUM FOR THE RECORD

SUBJECT: Meeting with Bureau of the Budget on Agency Reorganization Plans, Friday, 23 February 1962, 11 a.m. -- 12:30 p.m.

1. At the DCI's instructions I called Robert Macy to advise him that Mr. McCone had mentioned some of the reorganization plans to Mr. David Bell and had asked me to brief him on them. Mr. Macy advised that he had already left BOB for AID and suggested that I call and brief Irving Lewis. The briefing was set up for Friday, the 23rd. In addition to Mr. Lewis, who is Acting Chief of the International Division, Mr. Kenneth Hansen, Assistant to the Director of the Budget, was present as well as Frank Ecker and Don Swan from the International Division. Mr. Coyne sat in on the briefing and on a few occasions made some comments.

2. In the approximately one and one-half hours that I was there, I went from the top of the organization through all of the presently contemplated changes which have been discussed with the DCI and commented briefly on each and the reasons why we believe the changes to be in order. In summary these included in the DD/I area the possible combination of ONE and OCI into one office, the breaking up of OO to use the Contact Division as a nucleus for a [redacted] in the DD/P with the Foreign Documents Division and the [redacted] remaining in the DD/I area. In the DD/P I mentioned that we proposed the combination of the staffs into a central staff system of rather decreased strength under the present numbers; the creation of a paramilitary office; the creation of a [redacted] the dropping of the third man in the DD/P front office; and the possible combination of some of the area divisions. I advised of the establishment of a Deputy Director for Research and Development who would take over portions of the DPD and TSD units from the DD/P plus other R&D activities as yet not firmly decided upon. I noted that the [redacted] Support Division and [redacted] Division of DPD would remain in the DD/P and that perhaps some TSD elements would remain in the DD/P although I likened their operation support work and its introduction into the DD/P to aircraft delivery in which company test pilots take the vehicles to the users and train the user pilots. In the

DD/S area I noted that the Comptroller would become independent and report directly to the DCI; the Audit Staff would become part of the Inspector General Staff, although maintaining a separate and independent function in the audit and management analysis field; that the General Counsel would become an independent staff; and that we were still studying very carefully the whole interrelationship between the support offices and the support elements in the DD/P inasmuch as we thought a better organization could result in some considerable manpower savings. Finally, I mentioned the Coordination role and the fact that we thought the present system, which was in effect an inter-agency committee, was not effective and that what we needed was a small group of top professionals who could identify the coordination areas, could get the heads of the components together and urge them to coordinate, would keep the DCI apprised and when needed would get the DCI to take the action to achieve the required coordination.

3. The representatives of BOB were particularly interested in where the "evaluation functions" would reside and were advised that this would be in the Inspector General--Audit Staff, as part of the Comptroller function, in the DD/P's immediate office and in his senior staff system, and that we had not yet gotten to but were thinking about a senior planning and policy staff reporting to the Director. There was also interest in the Automatic Data Processing Staff and where this would fit into the Agency as well as the fact that the Agency should move into this field aggressively and straighten out its own house before the other agencies created their own systems which might be incompatible with ours. There was also discussion as to whether these changes would result in a decrease in the number of personnel and also whether there would be a weeding out of some high level personnel who are no longer as effective as they should be, and what could be done about more senior CIA officers being transferred to agencies like State and AID. Kenneth Hansen was particularly outspoken on this subject and mentioned that he had put forward the name of [] on at least three occasions for [] posts. I noted that CIA was not in a very good position to tell other agencies that we had good men who could perform top jobs, and that if BOB felt strongly on this subject they should take the initiative.

4. It was my general impression that the BOB representatives looked favorably upon our plans and felt that we were making some very definite moves for improvement.

cc: DCI
DD/S

Comptroller

Lyman B. Kirkpatrick